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**JUN 29 1998**

June 26, 1998

CALFED Bay-Delta Program  
1416 Ninth Street, Suite 1155  
Sacramento, CA 95814  
Attn: Mr. Rick Breitenbach

RE: CALFED Bay-Delta Program Programmatic Environmental Impact  
Statement/Environmental Impact Report

The Calaveras Public Power Agency hereby files its comments on the CALFED Bay-Delta Program Programmatic Environmental Impact Statement/ Environmental Impact Report.

CPPA and the Tuolumne Public Power Agency are "first preference" electric power customers of the CVP pursuant to the 1962 Flood Control Act which authorized the construction of the New Melones Project. Pursuant to that Act the two counties were given an entitlement to 25% of the power produced by the New Melones Project upon its integration with the CVP. This entitlement was in compensation for the loss of County land and water resources to the New Melones Project. The power is very important to Calaveras County. It is used by over 50 county and local governmental agencies including school and fire districts and it provides them savings of more than \$2.5 million per year compared to existing private utility rates.

Although the price CPPA pays for Central Valley Project power is a melded CVP rate, the amount of its allocation is determined by electric power produced at New Melones. Therefore changes in operation at New Melones which reduce average annual generation decrease CPPA's entitlement. There is no quid pro quo to CPPA for such reductions—the County of Calaveras does not get back any commensurate land or resources from the Federal Government.

CPPA has real concern that it will continue to lose some of its power entitlement as a result of changes in CVP operation not envisioned at the time the deal was struck between the counties of origin and the Federal government in 1962. For instance, the Western Area Power Administration which markets power produced by the Central Valley Project, has indicated in its proposed 2004 Power Marketing Plan that CPPA's pre-

CVPIA entitlement of 24MW (and associated energy) will be reduced to 22MW and the entitlement may be reduced by an additional 2-3 MW as a result of additional changes in operation at New Melones to accommodate later-adopted downstream environmental mitigation goals. It is important therefore that all the on-going processes which impact operation of New Melones, including the CALFED process, as well as the CVP PEIS, State Water Resources Control Board, and the Stanislaus Basin Stakeholders Process provide a complete and accurate picture of the ramifications of their actions on CVP power production and more particularly on CPPA's entitlement. We have made this point in numerous comments and letters to the USBR, USFWS and WAPA over the last four years including a Jan 20, 1994 CPPA letter to Kirk Rodgers, USDO; July 18, 1994 CPPA letter to Dick Jewell, USFWS; October 6, 1995 CPPA letter to Sen. Dianne Feinstein and Deputy Secretary, USDO, John Garamendi; October 6, 1995 CPPA Counsel's letter to Frank Dimick, USBR; March 22, 1996 CPPA letter to Kirk Rodgers, USBR; May 23, 1996 CPPA letter to John Garamendi; and July 11, 1996 CPPA letter to John Davis, USBR; and April 15, 1998 comments on the CVP PEIS.

Despite these many pleas for fair treatment and a clear evaluation of the effects of the CVPIA and other environmental mitigation measures on this critical CPPA resource, the potential impacts on CPPA's entitlement remain unclear and unmitigated.

CPPA recently commented on the USBR's PEIS and stated that, both as a general matter and particularly with regard to the effect on power generation and impacts to CVP power customers, that the draft PEIS cannot be used as a basis for reasoned decision-making involving the implementation of the CVPIA. The discussion in the draft PEIS did not include sufficient information upon which to base a reasoned choice of alternatives, and the USBR did not sufficiently state the facts supporting its conclusions; nor did it comparatively evaluate the environmental benefits, costs, and risks of the proposed action against each alternative. While graphic depictions in the Draft PEIS indicate that power production at New Melones will be reduced under all Alternatives, the exact extent of the reduction is not deducible from looking at the graph.

CPPA has similar concerns and difficulties in commenting on the CALFED Programmatic EIS/EIR and how the three proposed Alternatives may affect power production in the CVP and at New Melones in particular. The potential affects on CPPA and other preference power users is an indirect, yet serious one. CPPA is not a water purveyor, but rather a power user. As such, none of the three proposed Bay-Delta water conveyance facilities addressed in the Programmatic EIR/EIS have any direct effects on CPPA. However, as yet undetermined storage facilities, and water pumping requirements for those facilities and CVP conveyance systems have potentially great impacts on CPPA and its member agencies.

The CALFED documents, while factually incomplete in important respects, and projecting average and dry year increases in total CVP capacity and generation (for the test month of July according to an RMI analysis prepared for WAPA), nevertheless project significant increases in CVP preference power costs as a result of various

CALFED storage and operational alternatives because those alternatives will have the effect of: (1) increasing the need for project use power, (2) consequently reducing the amount of power available for sale to preference customers and (3) thereby increasing the cost of CVP preference power available for sale. Depending on the alternative selected, preference power costs could rise from the existing 21.59 mills/kwh to as much as 73.55mills/kwh, a 360% increase.

In this regard, no information is available in the CALFED public documents as to specific impacts of the CALFED Alternatives on power production at New Melones. If there is backup data showing these particular impacts CPPA would like to receive that information.

CVP preference power has been significantly less expensive than other power resources available to CPPA members and provides significant economic benefits to California political subdivisions such as CPPA's members. The deregulated electricity market in California means that prices in the open market are moving the opposite direction as the movement of CVP power prices which would be caused by the proposed CALFED Alternatives. The benefits which were promised to Calaveras County by the Flood Control Act of 1962 could be wiped out and nothing offered in replacement.

I am sure that you can see from the projections discussed above that CPPA has major concerns about the impacts of the CALFED program and processes on its New Melones CVP power entitlements. CPPA therefore requests that its concerns be included as a part of the CALFED record of proceedings and specifically requests that the final CALFED Alternatives and implementing measures take these comments into account and provide that CPPA's long-standing first preference power rights not be reduced or their value destroyed as a result of CALFED measures, and consistent with the key solution principles of the CALFED Program that there be no redirected significant negative impacts, and that improvements for some problems will not be made without corresponding improvements for other problems. Certainly such a result is possible with all three relevant Federal agencies being members of CALFED, that is WAPA, USBR, and the FWS

Thank you for the opportunity to comment.

Sincerely,



Dennis Dickman, General Manager

Cc: Congressman Doolittle

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